

DRAFT

To: All Retail / Wholesale Customers

Dear Valued Customer:

R. J. Reynolds Tobacco Co. has always been concerned about the freshness of our products at all levels of the distribution channel. We readily accept **outdated and damaged** product for full return value from our wholesale community.

During 1996 we experienced an increase in returned goods that were, in fact, salable. After careful analysis, it was found that as much as 35% of a return was salable. It is for this reason that the following is being reinforced:

- 1. All direct accounts are to take back only product identified as outdated with a special sticker and an authorized RJR name stamp.
- misspulled unpromoted orders that create overstocks can be accepted for return to shelf stock*
- 2. RJR promoted product is not returnable unless an authorized RJR representative inspects the product, determines it is outdated and stickers the product as indicated above.*

To insure the salable returns are reduced, the following will be implemented effective immediately:

- 1. Any returns not meeting the above criteria will not be accepted for credit**
- 2. RJR must be supplied a list of all retail stores returning product and if product does not have a sticker with a name stamp affixed, hold aside for RJR review**
- 3. All product for return to Winston-Salem must be left open and inspected by an assigned RJR person. Those cases will be inspected and name stamped by RJR before they are sealed for return.**

We appreciate your full cooperation in this matter.

Sincerely,

G. H. Moulton

Reviewed by _____ with _____ on _____

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